GMR Power & Urban Infra Ltd — May 2023 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Miss (Core) / Mixed (Headline) **One-line:** While the legal realization of regulatory and arbitration dues is accelerating, core operational profitability took a sharp hit this quarter, with EBITDA margins collapsing to 4% and interest coverage falling to a precarious 0.17x.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Miss	EBITDA of □57.8 Cr is a 58% QoQ collapse; PBT before exceptions remains deeply negative.	□
Earnings Quality	Low	Volatile due to JV accounting; Q4 results weighed by □206.1 Cr exceptional loss and □145.5 Cr JV losses.	□
Guidance Confidence	Neutral	"Asset Light" pivot remains high-level; Krishnagiri land sale (161 acres) is the immediate test of execution.	□
Management Credibility	Stable	Delivering on litigation wins (□510 Cr received for Chennai ORR) and thermal efficiency (90% avg PLF).	□
Business Quality Signal	Deteriorating	Core energy EBITDA is negative (□75.8 Cr loss) when excluding JVs; business is a "Liquidity Bridge" play.	□
Key Q&A Exchange	Not applicable	PPT_ONLY mode.	□
The Street's Primary Anxiety	Solvency & Cash Burn	Finance charges (□326.5 Cr) vs EBITDA (□57.8 Cr).	□
Capital Cycle Stage	Consolidation	Monetizing legacy assets (Land/Highways) to fund a pivot to "Clean Energy."	□
Margin / Return Ratio Trajectory	Deteriorating	Consolidated EBITDA Margin crashed to 4% from 9% in Q3FY23 and 11% in Q4FY22.	□
Pricing Power	Stable	Regulated thermal returns; highway traffic growth (Hyd-Vja +9% YoY).	□
FCF Conversion & Quality	Distorted	Reliance on one-time arbitration receipts (□510 Cr) to offset operating cash burn.	□
Competitive Moat Signals	Stable	High-quality thermal assets and critical road stretches; pivot to "platform-based" energy is unproven.	□
Balance Sheet Strength	Stressed	Net Debt at □4,730 Cr; Corporate-level debt is 51% of the total, creating a structural drag.	□
Working Capital Efficiency	Improving	Realization of □510 Cr in regulatory claims is a major positive for the liquidity cycle.	□
Mgmt Guidance Track Record	Mixed	Strong on litigation/resolution; slow on land monetization and clean energy scale-up.	□
Key Vulnerability / Red Flag	Interest Coverage	Finance charges are 5.6x greater than operating EBITDA this quarter.	□
Management Tone	Resilient	Focused on "maximizing value" from existing assets and "tech-enabled" future.	□

Sentiment: □Neutral **Key Takeaways (Positives & Negatives):** * **Positives:** Realized □510 Cr (□5.1 bn) claim for Chennai ORR in March 2023; Supreme Court cleared way for substantial dues from State Electricity Boards

(DNH, MSEDCL, Bihar); Thermal assets (Warora/Kamalanga) are operating at elite PLFs (91%/89%) vs. national average of 61%. * **Negatives:** Core EBITDA margin compression is severe (4% vs 9% QoQ); Energy segment (Consolidated) reported an EBITDA loss of □75.8 Cr; Finance charges of □326.5 Cr continue to swallow operating profits, making the company entirely dependent on "exceptional" receipts for survival. * **The Street's Concern:** Investors are questioning how the company will service debt once one-time litigation gains are exhausted, especially given the slow progress of the "asset-light" clean energy transition. * **Forward Watchpoint:** The closing of the 161-acre land sale in Krishnagiri and the realization of the □1,672 Cr Hyderabad-Vijayawada claim.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr	YoY Change	QoQ Change	Trend	Mgmt Commentary
Net Revenue (□ Cr)	1,378.3	↑ 17.8%	↓ 1.5%	↑	Growth driven by higher PLFs in thermal and highway traffic recovery.
EBITDA (□Cr)	57.8	↓ 29.5%	↓ 53.7%	↓	Sharp QoQ compression due to fuel costs and seasonality in Bajoli Holi.
EBITDA Margin %	4.2%	↓ 280 bps	↓ 440 bps	↓	Margin pressure in energy segment; Bajoli Holi EBITDA loss of □23.7 Cr.
PAT (□Cr)	(470.8)	↓ 72.8%	↓ 238.7%	↓	Loss widened due to □206.1 Cr exceptional expense and JV share of loss.
Net Debt (□Cr)	4,730.0	Not stated	↓ 0.3%	→	Net debt reduced by □15 Cr in the quarter; Corporate debt is □2,500 Cr.
Interest Coverage (x)	0.17	↓	↓	↓	Critical level; EBITDA (□57.8 Cr) vs Finance Charges (□326.5 Cr).
Warora PLF (%)	91.0%	↑ 400 bps	↑ 200 bps	↑	Outperforming national average (61%) significantly.
Kamalanga PLF (%)	89.0%	↑ 1000 bps	↑ 1400 bps	↑	Strong operational recovery.
Hyd-Vja Traffic (Daily)	26,100	↑ 9.2%	↑ 4.8%	↑	Resilient traffic growth on key corridor.
DFC Progress (%)	93-96%	↑	↑	↑	Eastern Dedicated Freight Corridor nearing completion.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Energy (Consol)	969.2	↑ 44.7%	(7.8%)	↓	Below	Impacted by □23.7 Cr EBITDA loss at Bajoli Holi (Hydro).
Highways (Net)	126.4	↑ 19.0%	68.0%	↓	Above	Includes □510 Cr receipt for Chennai ORR claim.
Others / EPC	282.7	↓ 11.2%	N/A	↓	N/A	Eastern DFC physical progress at 93.5% - 96.6%.
Warora (100%)	477.3	↑ 14.5%	21.7%	↓	Above	FY23 Cash Profit of □190 Cr; resolution implemented.
Kamalanga (100%)	746.3	↑ 15.0%	31.7%	↑	Above	Strong PLF (89%) and FY23 EBITDA of □923.6 Cr.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Strategy	Monetization	Sale of ~161 acres in Krishnagiri SIR to Tamil Nadu Govt agency.	Target FY24; currently "under discussion."	Delayed; originally targeted for earlier.	Medium
Strategy	Litigation	Realize □1,672 Cr claim for Hyderabad-Vijayawada.	Dependent on Delhi HC timelines; matter "in progress."	Delivered □510 Cr on Chennai ORR this Q.	High (Legal)
Strategy	Clean Energy	Build a "Top Tier tech enabled Clean Energy business."	Currently near-zero revenue; requires significant capex/ partners.	First entry for "Platform-based" strategy.	High
Strategy	Efficiency	Tie-up open capacities through innovative RTC PPA models.	Needs to secure PPAs for un-tied capacity at Kamalanga/ Warora.	High PLFs achieved (90%+).	Medium
Strategy	Debt	"Deploy efficient capital structure and access green financing."	Interest coverage is <1.0x; needs massive deleveraging first.	Net debt reduction is slow (□15 Cr/qtr).	High

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter	This Quarter	Direction
EBITDA Margin	8.6%	**4.2%**	□
Interest Coverage	0.45x	**0.17x**	□
Litigation Cash	Claims awarded (Highways).	**□510 Cr Received** (Chennai ORR); SC allowed SEB dues.	□
Thermal Operations	Warora PLF 89%.	Warora PLF **91%**; Kamalanga PLF **89%**.	□
Earnings Quality	□524 Cr Exceptional Gain.	**□206 Cr Exceptional Loss** and higher share of JV losses.	□
Bajoli Holi Performance	Seasonal low; EBITDA □14 Cr.	**EBITDA Loss of □23.7 Cr**; Cash loss of □120 Cr.	□
Corporate Debt Mix	55% of total.	**51% of total** (slight improvement).	□

- **Thesis Reinforcement:** The investment thesis remains a high-risk "Asset Monetization" play. The quarter confirms that GMR is succeeding in the courtroom (realizing highway and regulatory claims) but struggling in the engine room (EBITDA falling while interest costs remain flat).
- **Liquidity Pivot:** The receipt of □510 Cr is a lifeline, but with finance charges of □1,350 Cr/year, the company needs to land a "whale" (either the □1,672 Cr road claim or a large land sale) to avoid structural insolvency.
- **Operating Red Flag:** The consolidated energy segment (excluding JVs) is now EBITDA negative. This makes the company's valuation entirely dependent on the recovery of dues and the valuation of its land bank, rather than its power generation cash flows.

STOP HERE.